

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 SCEM-02 INT-08 L-03 COME-00

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FM AMEMBASSY LONDON
TO SECSTATE WASHDC 2216
INFO AMCONSUL BELFAST
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C O N F I D E N T I A L LONDON 07450

E. O. 11652: XGDS
TAGS: ENRG, UK, US
SUBJECT: NORTH SEA OIL - BRITISH POLICIES WITH REGARD
TO GOVERNMENT PROCUREMENT OF SUPPLIES AND
SERVICES BY OPERATORS

REF: (A) LONDON 5913

1. WE TOOK ADVANTAGE OF THE PRESENCE IN LONDON OF ASSISTANT SECRETARY ARMSTRONG TO ARRANGE A MEETING WITH DEPUTY UNDER SECRETARY, FCO, (OLIVER WRIGHT), TO DISCUSS A NUMBER OF SUBJECTS INCLUDING BRITISH GOVERNMENT POLICIES WITH REGARD TO THE PROCUREMENT OF SUPPLIES AND SERVICES BY OPERATORS IN THE NORTH SEA.

2. MR. ARMSTRONG NOTED THAT HE HAD READ THE UK RESPONSE TO OUR NOTE ON NORTH SEA PROCUREMENT (REF A) AND SAID HE UNDERSTOOD THAT THE DEPARTMENT OF TRADE AND INDUSTRY (DTI) WAS SHOWING AN INTEREST IN THE DETAILS OF SPECIFIC CONTRACTS, APPARENTLY TO INSURE THAT THE PRINCIPLE OF FULL AND FAIR COMPETITION CITED IN THE UK RESPONSE IS BEING OBSERVED. HE WENT ON TO ADD THAT HE HAD HEARD THAT SOME COMPANIES WERE FACING PROBLEMS
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AS A RESULT OF THIS SPECIFIC DTI INTEREST. WRIGHT REPLIED THAT THE BEST EVIDENCE THAT THE UK WAS GRANTING FULL AND FAIR COMPETITION TO ALL COMPANIES WAS THE FACT THAT US EXPLORATION AND PRODUCTION LICENSES OUTNUMBERED UK LICENSES IN THE NORTH SEA.

3. ARMSTRONG REPLIED THAT THE U. S. GOVERNMENT TOOK AN INTEREST NO LESS GREAT THAN DTI'S IN THE MAINTENANCE OF FULL AND FAIR COMPETITION AND THAT WE WOULD BE SURE TO HEAR FROM COMPANIES IN CASES WHERE THEY MIGHT QUESTION WHETHER THIS POLICY HAD BEEN FOLLOWED IN SPECIFIC CASES. HE WENT ON TO SAY THAT, FOR ITS PART, THE U. S. GOVERNMENT DID NOT WISH TO BECOME INVOLVED IN THE DETAILS OF CONTRACTS BETWEEN PRIVATE SUPPLIERS AND THE WAY THEY WERE BEING LET; AND HE ASSUMED THAT THE BRITISH GOVERNMENT SHARED THIS FEELING. WE BELIEVE THAT THE BEST JUDGES OF CONTRACTUAL PROBLEMS ARE THE COMPANIES INVOLVED.

4. WRIGHT REPEATED HIS GENERAL THEME THAT ENVIRONMENT OF FULL AND FAIR COMPETITION WOULD BE MAINTAINED WHERE NORTH SEA PROCUREMENT IS CONCERNED.

5. COMMENT: WE INTEND TO KEEP IN CLOSE TOUCH WITH WRIGHT IN FCO AND WITH VARIOUS PARTS OF DTI TO KEEP HMG FULLY AWARE OF OUR CONTINUING INTEREST IN SEEING THAT NORTH SEA PROBLEMS ARE VIEWED AS PART OF LARGER POLICIES IN US- UK RELATIONS AND NOT MERELY AS TECHNICAL QUESTIONS OF UK FIRMS PARTICIPATING IN OIL INDUSTRY PROCUREMENT.

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